

PUBLIC AFFAIRS STAFF

Deputy Director Frank Carlucci

Lake of the Ozarks: Speech ~~and Q&A~~

May 26, 1979

[Introduction.]

DEPUTY DIRECTOR FRANK C. CARLUCCI: Thank you very much. After that introduction, I guess I'll have to admit what's in that briefcase. It's a tennis racket.

Members and officers of the Central Missouri Press Association and families, first of all, Marcia and I would like to express our deep gratitude for your very great hospitality this weekend. I can't think of a pleasanter place to spend the Memorial Day weekend, and I can't think of a nicer group to spend it with. We appreciate your kindness, and we appreciate your informality.

I've sampled hospitality in many places in the world, but I can assure you the hospitality in the heartland of the United States is among the best.

Now speaking of other places in the world, one of the countries to which I was assigned a number of years ago was Zaire, then known as the Congo. I was there just after independence and during the turbulent Lumumba years as a fairly junior reporting officer in our Embassy. And we got a message from three American senators, Senators Gore, Hart and Neuberger, and I was designated their escort officer. And I arranged for the President of the Congolese Senate, a man named Victor Kukurako (?), to invite them to his house for lunch.

It was very unusual to be invited to the home of the Congolese in those days. And as we drove up to the house, he came out and he had a woman alongside of him. And I introduced them both. I introduced the woman as his wife. We went in. We were having cocktails before lunch, and I was serving as the interpreter. And another woman came in, shake hands all around, went over and sat down next to the first woman. And

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Senator Gore turned to me and said "Who's she?" I said I don't know; maybe she's his wife. "I thought you introduced that other woman as his wife." I said, "Well, maybe both are his wives; I don't know. Let me ask him." With that the interest of the senators picked up considerably, and Kumurako said "You know, you really must understand that over here in the Congo our customs are very different from yours. For example, where I come from, I'm a big tribal chief. And as a tribal chief, I would normally be entitled to five or six wives. But since I'm a Catholic, I have only two."

[Laughter.]

Kumurako's perception of religion was a little bit different than yours or mine. But his perception was, in a sense, reality for where he was. And in many instances, perception becomes reality. And that's a fact, a fact of life in the intelligence business. Those of you in the press business are really in the business of creating perceptions, whether you intend to or not.

A couple of weeks ago, we ran a survey of applicants for the CIA to try and find out what their impressions were of the CIA. We found that most people had a slightly tarnished James Bond image of the CIA. You people do some necessary things, some scary things and sometimes you screw up. We don't know how much, but sometimes you screw up. The survey also showed that this image of the CIA was principally created by the media, which, of course, is understandable, given the fact that we are a highly secret agency. And so I do welcome the opportunity tonight to have an exchange of views with those of you in the media, because the perception of the CIA does not always correspond with reality.

If you were to go to our headquarters in Langley, Virginia, I suppose you would find the CIA resembles nothing so much as a small university: libraries, a lot of people studying documents; some classified documents, an awful lot of them from open sources. Sure, political scientists and weapons analysts. But also economists, agronomists and even psychologists who try to understand what motivates foreign leaders.

Sure, we still engage in the collection of intelligence, and collection is important. But collection has only limited value if the analytical function isn't performed properly. And we learned this lesson at the time of Pearl Harbor. The historians will tell you that there was sufficient information available to indicate that the Japanese did intend to attack Pearl Harbor. The information was coming in through different channels. And there was no way in our government to analyze it, draw some conclusions and sound the alarm for the policy-makers. As a result, the OSS, the precursor agency of the Central Intelligence Agency, was established

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for the purpose of coordinating the intelligence-gathering capability of the United States, analyzing the information in an objective and presenting the conclusions to the policy-makers so they can, as Dalton says, make decisions based on the best possible intelligence.

Since then, if anything, the need for good intelligence has increased, and the complexity of the business has grown impressively. The fact is that we are in an era of strategic parity. We no longer have a margin of superiority. We live in an age where a holocaust can be touched off; perhaps no more than a thirty minute warning. Thus it becomes all the more important to know the capabilities and the intentions of your potential enemy. In terms of capabilities, I think we're seeing now how complex the issue is as we enter into the debate on SALT II. It is not the role of the Central Intelligence Agency to make a judgment whether SALT II is a good treaty or not. But it is our role to tell the Senate, mostly in front of committees, what our monitoring capability is. And as a result, we're beginning to hear terms like "comment," "event," "telemetry," a whole new jargon, which reveals a very complex, intricate monitoring system that has grown up over the years, but which is absolutely vital to our national security.

Since the days of Pearl Harbor and since the days of the Cold War, there have been additional responsibilities laid on the United States intelligence community. Twenty years ago, we hardly needed to worry about the Third World. Today, the Third World has become an arena of struggle, an ideological struggle, between the superpowers. And it is very important for us to know what is happening in places like Ethiopia, Rhodesia, Afghanistan, Iran. The lessons are all too evident.

So, too, has it become important for us to understand what is happening in the economic sphere around the world. That point has been driven home by the fall of the dollar. It's important, too, for us not to just analyze the strategic capability of the Soviet Union or the People's Republic of China. It's important to analyze what their economic resources are, what their steel industry is doing, because, as you all know, the Soviet Union, as its growth rate decreases in the years to come, is going to face some painful choices between guns and butter. We have to monitor what kind of choices they're going to make.

Then there are some new areas, the resource area. Nobody ever imagined when the Central Intelligence Agency was set up that we'd be engaged in crop monitoring, or to take one that's perfectly obvious now, looking at the world's oil supplies. The CIA was one of the first government agencies to warn of the impending shortage. We did it in a public report which was much criticized.

Then, too, we have a lot of developments in the field of nuclear energy. Our country's very worried about nuclear proliferation around the world. And indeed there are countries that

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are developing the capability for a nuclear explosion, and they're doing it clandestinely. It's very important that we know this.

The area of drugs. Much of our information used by the Drug Enforcement Administration comes from the CIA. Similarly, finding out what's going on in the world of terrorism. I can't talk much about that, but I can assure you that some people are alive today because of the information we have managed to gather.

In today's world, gathering intelligence information is becoming increasingly difficult as the counterintelligence capability of other governments increases. Sure, our technical capability is increasing too. And we have very impressive technological systems. But a technological system has its limitations. It can tell you what somebody's capability was yesterday or, with luck, even today. But it really can't tell you what its intentions are. And intentions are very important in the world of intelligence.

So the plain old fact is with us to stay, no matter how much technology we develop. And here, too, perceptions are somewhat different from reality. A CIA man overseas isn't a man who runs around trying to pick up information in bars, snapping pictures of maps with hidden cameras. He's engaged in some very tedious work. We call them case officers. And their job is to build up sources of information in a very painstaking and often fastidious way. The nature of their business isn't too far removed from the nature of the business that many of you are in, the business of journalism. You must establish credibility to survive in the world of journalism. We must establish our credibility to survive in the world of intelligence. You operate under time constraints; so do we. You deal with who, what, where and why. So do we. You need accuracy to survive. So do we. You pledge confidentiality to your sources, and so do we. And if you look at it, that pledge of confidentiality is the key to our businesses. If you reveal your sources, you lose information, and at times you may place some in some jeopardy. If our sources are revealed, we too lose information, and more frequently our sources are placed in jeopardy. If your sources are revealed and if our sources are revealed, both our institutions lose credibility.

So we can understand and sympathize with the press's fight to maintain confidentiality of sources.

Of course, there are some differences. We, unlike you, are in the business of inducing people in many cases to violate the laws of the countries in which they live. Not United States' laws; the laws of the countries in which they live. And contrary to popular perception, we do not use coercion. That seldom works, in any event. We look for motivations. And here, too, there are certain parallels with the motivations of your sources. The parallels aren't exact, but there are some similarities.

Many of the people who come to us are ideologically moti-

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vated; they want to help the United States. Others are dissatisfied, just plain dissatisfied with the societies in which they live. Still others seek retribution for real or imagined wrongs during their career. Some just like to talk to us because we have a sympathetic ear, somebody who will listen to them and pay attention to the information they have. And, yes, unlike the press, there are some who will cooperate with us for a salary. But you notice I place that last, because as we analyze our work, that is the least significant motive. Many of our best sources do not accept remuneration for their work. And where it is accepted, in most cases it's to put away for emergencies, because if our source is exposed, at a very minimum there is serious embarrassment for him; his position will be jeopardized, and, in many cases, they have to be uprooted, leave their country and start a new life.

So quite frequently we do put money away for them. And we think we have that responsibility. For example, not so long ago, we received from one of our sources information on an impending terrorist operation that would have involved many innocent lives. We turned the information over to the police of the country involved. In the course of trying to prevent the operation, there was a leak, a story about the operation. Somebody who knew our source was able from that story to identify him. We had to move quickly to get our source out of the country, give him a new identity and start him on a whole new existence. That is an obligation we undertake and undertake very seriously when we establish a contractual relationship with one of our agents. And it's quite understandable in light of the risks. It may take months or even years to build up this kind of a relationship. One leak, one disclosure can destroy it.

Now when I talk about leaks, I'm certainly not complaining about the press, because you don't do the leaking. You carry out your responsibility in printing the information that you get, whatever the motive of the person disclosing it may be. But in a sense, those of us in the intelligence business and those of you who are in the press business find ourselves in an adversarial relationship, despite some parallels between the work we are in. Your job is to get more and more information. Our job is to keep certain information from you in order to preserve our effectiveness.

You note that I said "some information," because our philosophy today -- and it's a new philosophy of the CIA -- is that we ought to try and declassify as much information as possible. And we are not putting out for public use approximately 150 reports a year, made available throughout the country; reports on such things as the steel industry in the Soviet Union, or economic development in China. And at the same time as we declassify information, we have to do a better job of protecting that information which would disclose sensitive sources. Because it's very simple. If we are going to have an intelligence business, an intelligence capability in the United States, we need to do a better job of protecting our sources.

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Frankly, our ability to give them the protection they need has eroded in the recent past. You know, we have some 35 laws in the federal government that make it a crime to give out information on such things as commodity futures, trade information in the hands of the Department of Commerce. You can get a fine and jail sentence just for giving that information out. Yet it is not a crime to give out national security information. The only old law under which we can operate is the antiquated 1918 Espionage Law, where we have to demonstrate not just that the information was given out, but that it was given out with the intent to commit espionage. And those of you who are lawyers in the room know how difficult it is to prove intent, particularly in that area.

As a consequence, we have people, like Philip Agee, a former CIA employee, who have dedicated their lives to exposing our people overseas and doing it in a tendentious way, sort of blunted, in a way that is likely to incite people to violence against them.

When I was in Portugal, there was an exposure there, a so-called exposure by Philip Agee. Some of the people he named were correct; some weren't. But in naming them, he said they live at such and such an address. When you go up in the elevator, turn left, and it's the third apartment. And there followed inflammatory words about so-called -- inflammatory and inaccurate words of so-called CIA activities in Portugal. And I think we're going to have to face up to dealing with this kind of problem.

We also have some problems with the Freedom of Information Act as applied to intelligence organizations. I would wager everybody in this room supports the Freedom of Information Act. And indeed I support the concept. But when it's applied to an intelligence organization, we get some peculiar results. As we understand the law, if the head of the KGB were to write us requesting information from the CIA, we would be required, by law, to respond.

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...But leaving that aside, here, too, we are into the world of perceptions, because the perception overseas is that information on sources and methods can be released under the Freedom of Information Act, or at least that sufficient information can be garnered under the Freedom of Information Act, or a hostile intelligence service could fit together the final piece to the puzzle. And it's becoming increasingly harder for us to look at potential agents and to say to them "We can protect you" when they see information coming out under the label of the Freedom of Information Act.

This is leaving aside the administrative burden. Each request costs the taxpayer \$800.00. We spend 116 man years processing Freedom of Information requests, many from foreigners; some from children; some from authors. We have one person who's

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worked 18 months full time providing information to just one author. Many of them are as a result of form letters.

We don't seek a total exemption from the Freedom of Information Act. We believe some information should be made available. But we do think measures must be taken to protect our most essential information.

Oh, that's fair enough, somebody may say. But what about accountability? A good question and a pertinent question. How do you make a super-secret agency accountable in a free society if you're going to argue against certain provisions in the Freedom of Information Act?

We think there are ways, and we think steps have been taken. President Carter has issued a new executive order, which, as you know, has the effect of law laying out guidelines for the intelligence community. I think he has established a new tone within the intelligence organizations. We have upgraded our inspection capability. The President has established something called an Intelligence Oversight Board, consisting of three distinguished Americans, Tom Farmer, former Pennsylvania Governor Bill Scranton and former Senator Albert Gore, who are empowered to hear complaints about the CIA, any of our intelligence organizations, from anybody whatsoever, a CIA employee, anyone here in this room. They hear these complaints in complete confidentiality and report directly to the President.

Finally, we have very effective oversight on the part of the Congress, the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence. They're well staffed. They do a serious job. And they are kept currently and fully informed by the CIA and other intelligence organizations. And it is our thesis that it is they, not 4000 Freedom of Information Act requesters, who ought to exercise the oversight function.

We think one more step is necessary. We are working on charter legislation which will define, in statute, the authorities and the boundaries of intelligence activity. We think this can be done in a way that will guarantee protection of civil liberties and still will not interfere with the effectiveness of our intelligence organizations.

I'm frequently asked how we are doing vis-a-vis our adversaries. And let me close on that note.

I would judge that the KGB has far more resources at its command than we do, probably has far more people in the field. I think we're ahead of them, clearly ahead of them in the technological area. And I think we're ahead of them in the analytical area, which I've already described as being so important. And part of the business of intelligence is delivering bad news to the policy-maker.

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And Stan Turner and I have no trouble delivering bad news to President Carter. But I'd sure hate to be the bearer of ill-tidings to the Kremlin. The fact is that they are burdened in their intelligence work by their ideological baggage.

Furthermore, I think we're ahead in the quality of our people. This admittedly is a subjective judgment. But I'm not a professional in the intelligence area. I've only been involved a little over a year. But I am very impressed by the dedication and the talent of the people that we have in institutions like the CIA. They work long hours. They work at night, like many of you. But unlike you, they can't come home and unburden themselves to their families. Sometimes I come home at night and Marsha says "What did you today?" And I say "Sorry, I can't tell you." And she says "Well, if you won't tell me what you did, I won't tell you what I did either," and then the argument starts. And it's a strain on our people.

They carry out this function because they believe in it. They believe in our values, and they believe that good intelligence is our first line of defense. I think our country is well served by them, and I think our people need to understand that.

Thank you very much.

[Applause.]

[Q&A Session starts in progress.]

CARLUCCI: ...that we are witnessing today.

As far as the collection is concerned, you note that I mentioned that our analysts don't always deal just from clandestine sources. They try to gather information from a range of sources, including the press, including the academic community, and analyze it from a variety of perspectives. And the collection function is not just the CIA gathering information. Our military attaches gather information, and the State Department reports on events overseas. And all of this has to be coordinated.

Now you get into some very difficult questions when you're operating in a country with an authoritarian government, where the United States has considerable equity, and any activities that that government might feel were hostile are likely to have repercussions on those equities. It's very easy with 20/20 hindsight to say "Gee, you should have had more contact with that dissident named Khomeini." But take yourself back a few years when Khomeini was not very well known. As I say, it's easy to say today that we should have put more into this. And I think, as a general rule, we probably do have to put more into this. And those of us in the intelligence

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business are [words inaudible].

As a result of what happened in Iran, we are reviewing our reporting, in general, around the world. I myself am participating in a high level working group engaged in just that, trying to set up a process to weigh these equities against the risks a little better, and we're trying to coordinate our reporting from our various enemies overseas in a more effective manner.

Q: If you're in the military, reporting military news, Missouri has 150 ICBMs in 14 counties in the western part of Missouri. They have some 800 of them in the country. Now they're saying -- they're telling us that they're almost totally ineffective, that what we've been relying on as one of our greatest retaliatory weapons -- that they could be knocked out right off the bat.

Do you have any information on that?

CARLUCCI: Well, it's not our job to assess the vulnerabilities of U. S. weapon systems. That's really the job of the Department of Defense.

But we are in era where, quite clearly, both the United States and the Soviet Union can wreak mass destruction in each other. And just as we can wipe out many of their strategic weapons, so they can wipe out many of ours. That's a fact of life. Now they have tended to place more emphasis on large land-based strategic missiles. Our defense has been built on a triad of land-based missile systems, submarine based missile systems and bombers. So we have a certain amount of flexibility.

What we're really debating now in the context of SALT II is what is called a second strike capability. That is, do you have enough left over after the other fellow hits you to be able to inflict significant damage on him, knock out his systems or devastate his cities.

The answer to this is, yes, we both have second strike capability. And now in the context of SALT II, you're looking at how much and what ought to be the limitation on that second strike capability.

It's an unpleasant specter to contemplate. But it's reality. And it makes the intelligence monitoring systems and our early warning systems all the more important to our security.

Q: What's the thought today on use of journalists in CIA activities? [Words inaudible].

CARLUCCI: We have -- did everybody hear the question?

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AUDIENCE: No.

CARLUCCI: The question is what is the CIA policy on the use of journalists these days. Are you using journalists overseas?

Yes, if we can get ahold of a TASS journalist, you're darn right we use him. But we have our own regulations out which say that the CIA cannot have any contractual relationship with any journalist accredited to a U. S. media -- U. S. news media organization.

Q: Could I follow that up by asking does that mean that the Copley News Service in San Diego is no longer used by the CIA?

CARLUCCI: No, obviously I'm not going to talk about individual news services. But if that is an accredited U. S. media organization, U. S. news organization, it be outside our regulations for us to use them. And we don't violate our regulations.

Q: Was the CIA surprised by the ineffectiveness of the Shah's weapons systems?

CARLUCCI: Well, I don't know that weapons systems would have been of any use in the situation in Iran.

Q: He had all sorts of weapons.

CARLUCCI: It's very difficult to turn missiles on demonstrators. There are various other techniques for crowd control. Obviously those were somewhat less effective than at least the Shah would have hoped. But I think there's a lesson there too, that one can -- I think the lesson to be drawn from the weapons systems is really one of gun versus butter. That is to say, how much of a country's resources do you put into missile systems, and does that provoke a certain amount of public resentment if people feel that social development is more attractive.

There, too, that's a simplistic analysis, because the Shah, as you know, was criticized for moving too fast in the social arena. And indeed, the revolution was at least sparked by rightist religious groups. So you get a very complex situation where I don't think weapon systems would have made much difference. You would really have to go back and analyze what political moves the Shah might have made at any point in time.

Q: The Shah put so much emphasis on tanks and airplanes.

CARLUCCI: Well, this could well have hurt his image

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internally. It's hard to judge that.

Q: I'm a guest, and I'd like to take the opportunity to ask you a question about the nature of the threat you see to our society. I've talked to many people who believe that the military threat may very well be in balance at least for the next twenty years, ten years or twenty years. However, they believe that there're two forms of warfare that are emerging, namely terrorism and demonstration, that type of activity, which may or may not be an outgrowth of social activity. And the other is economic warfare we see with the OPEC nations.

Now as you get into those two areas, you then move out of a purely military area over into social, political and economic areas. And therefore the distinction as to what is a secret becomes extremely complex.

And I was wondering how do you plan to deal with such issues as that?

CARLUCCI: That's a good question. First of all, I'm not sure that I fully agree with you in the military area. Yes, we are, as I said earlier, in an era of strategic parity, approximate balance. And you can't look at any one weapon system and say that answers your question. But if you look at them all, who knows. They're approximately balanced.

The fact is the Soviet Union has been devoting far more of its resources to building up its offensive military establishment than we have. They devote approximately twice what we devote of their GNP to military expenditure. If you take what they buy in any given year, and use recent years as a yardstick and measure it in dollar terms, they are buying approximately 30% more than we are. Their military expenditures have been increasing at a rate of about ten percent a year, whereas, over the past ten years, ours have been going down in constant dollars.

So I think we have to worry about the future military threat.

But you're quite right in saying that there are other things that we must worry about too. Fortunately, country so far has been spared the kind of terrorism that has infected many countries of Europe and other countries of the world. I'm not quite sure of the reasons for that. I think we do have to be alert to the threat of terrorism here. And indeed we are alert to the potential for terrorist attacks on American communities overseas. Terrorist groups are much harder to deal with than other societies, because you've constantly got the dilemma that I described earlier. If you find out about an operation, do you tell the people and stop it? And if you tell the people who can stop it, you put your source in jeopardy. So a source for a

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terrorist group is usually only good for one shot. And that's a very difficult problem for intelligence agencies to deal with. It means, in effect, as I said earlier, we have to do a better job of protecting our sources.

In the economic arena, I'm not sure I would characterize what is happening today as economic warfare. But certainly economic developments around the world are having an increasingly heavy impact on United States' security. And one of the things that we have tried to do in the intelligence community is to build up our collection and analytical capability in the economic area.

For example, one of the things we do quite often is collect information here in the United States from American businessmen, professors and others, who might have knowledge of economic developments overseas, or who might have made a trip and made some observations. This is particularly useful to us in the technical area as it relates to economic development.

There, protecting the information isn't quite the problem that it is in other areas. But still in all, a businessman usually doesn't want to be identified as the source of information. So we have to give them the necessary assurances that we can protect the data. And that is becoming, as you point out, increasingly difficult as these kinds of debates move into the public forum.

Q: I was curious. How long have you been connected with the CIA?

CARLUCCI: Me?

Q: Yes.

CARLUCCI: I was confirmed in February of last year. And that's my only connection with the CIA. I had no connection prior to that with the CIA.

Q: [Inaudible.]

CARLUCCI: Well, I don't know quite how to answer that question. As a matter of fact, this is my sixth presidential appointment. I've served previously as Undersecretary of Health, Education and Welfare, Director of OEO, Deputy Director of OMB and Ambassador to Portugal.

Q: Isn't it very unusual for a State Department Ambassadorship to also include CIA activities?

CARLUCCI: They don't. But I am the first career Foreign Service officer who has been named to the position as

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Deputy Director of CIA. I assume that I was selected for reasons that do not relate to my status as a Foreign Service officer. But that's really a question which you'd have to ask Stan Turner and President Carter.

Q: If the CIA made this report about the energy problem that we had in the past and more or less projected, and I guess correctly, that we would be in an energy crisis as of today and more so in the future, who had the deaf ears and what's happening, and why isn't the political arena a little more plausible as far as making the people believe there is a problem?

CARLUCCI: I'm not sure I want to step into that debate. But the fact is, today, the policy-makers -- the President and Secretary of Energy -- received our information, took it seriously. They used it in determining their policies. And I believe that the President has made a number of speeches on the problems of energy. And I certainly don't want to get in the business of saying....

Q: I understand.

CARLUCCI: ...what politician may or may not be responsible.

Q: But it must be frustrating to come up with the -- being able to predict the problems and give it to our leaders, quote, unquote, and then, you know, we just don't seem to be facing the problem.

CARLUCCI: You know, without getting on my soap box, democracy is a system where you really need to build a consensus in order to get action. And from what I've heard just in traveling around, we apparently haven't built a consensus on that issue.

One more question and answer.

Q: Recently, there's been the matter of the declassification of instructions on how to assemble an atomic bomb. [These] were released. And I understand that this information has been passed down -- passed out to various people who have had access to it. How do we know what and who all has this information now, and is there anything being done to stop people giving out the information to, say, an activist group or a terrorist group?

CARLUCCI: Well, I think you're getting into an area that we have very little competence in. And all I know on that subject, I'm sorry, is what I've read in the newspapers. Our job really is to worry about the capability that foreign governments might have. And I think it would be injudicious for me to comment on something that is presently before the courts.

Thank you very much.

[Applause; end of speech.]